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Message Text

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INRE-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07 EA-07

FRB-03 INR-07 NEA-10 NSAE-00 OPIC-03 SP-02 TRSE-00

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TAGS: EFIN, EAID, OECD, CIEC

SUBJECT: XCSS MEETING JULY 6: NORTH/SOUTH ISSUES

1. SUMMARY: XCSS DISCUSSION OF NORTH/SOUTH ISSUES CENTERED AROUND TWO OF THE SECRETARY'S THREE PROPOSALS TO ENHANCE COORDINATION IN THE FIELD OF DEVELOPMENT COOPERATION AMONG INDUSTRIALIZED COUNTRIES: (A) FOR IMPROVED CONSULTATION PRIOR TO DISCUSSION OF NORTH/SOUTH ECONOMIC ISSUES IN MULTILATERAL FORA, AND (B) FOR ELABORATION OF LONGER-TERM STRATEGY FOR ECONOMIC RELATIONS WITH LDC'S. THERE WAS GENERAL AGREEMENT THAT IMPROVED CONSULTATION PRIOR TO MULTILATERAL DISCUSSIONS, ES- - PECIALLY DURING SECOND PHASE OF CIEC, WOULD BE IMPERATIVE AND THAT REINFORCED EFFORTS SHOULD BE MADE TO CONSULT PARTICULARLY IN THE HIGH LEVEL GROUPS (HLGS) ON COMMODITIES AND NORTH/SOUTH RELATIONS. US PLEDGED FULL AND TIMELY CONSULTATIONS. CANADA (DUPUY) REPORTED ON ISSUES FACING G-8 AS CIEC PROCEEDS INTO SECOND PHASE,
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BUT DISCUSSION FOLLOWING HIS INTERVENTION WAS LIMITED.

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AIL EMBRACED THE NOTION THAT THE OECD MEMBERS SHOULD ELABORATE A LONGER-TERM INDUSTRIALIZED DEMOCRATIC ECONOMIC STRATEGY TOWARD LDCS. HOW TO TRANSLATE THAT CONVICTION INTO INSTITUTIONAL REALITY WAS ANOTHER MATTER. SECGEN AND PRESIDENT WANTED TO MOVE, AND WILL PREPARE A JOINT AGENDA NOTE FOR THE NEXT MEETING. BUT DECISION ON US PROPOSAL TO SET UP RESTRICTED EXPERTS' GROUP OF POLICY PLANNERS TO BEGIN CONSIDERATION OF SUCH A TRATEGY WAS PUT OFF. FRG , FRANCE, NETHERLANDS AND SOME SMALLER MEMBERS FEARED GROUP COULD OVERLAP WITH ONGOING INTERGOVERNMENTAL CONSULTATIONS IN OECD OR PREJUDICE DECISIONS ON RESTRUCTURING ORGANIZATION. SMALLER MEMBERS OPPOSED ITS RESTRICTIVE CHARACTER. SECGEN WILL PURSUE IDEA NEVERTHELESS; HE MAY RAISE IT WITH COUNCIL; AND HE MAY FIND WAYS TO RETAIN INDEPENDENT CONSULTANTS AND COUNSEL WITH GOVERNMENTS ON HIS OWN. ALTHOUGH NOT ANNOUNCED AT MEETING, UNDER SECRETARY ROGERS INTENDS THAT US WILL PREPARE PAPER ON PROPOSAL FOR NEXT XCSS MEETING. END SUMMARY.

2. IN INTERVENTION ON IMPROVED CONSULTATION UNDER SECRETARY ROGERS (A) NOTED THAT LESS THAN ADEQUATE COHESION HAD EXISTED AMONG INDUSTRIALIZED COUNTRIES IN NAIROBI, (B) STRESSED NECESSITY OF CLOSER COORDINATION DURING UPCOMING MULTILATERAL NEGOTIATIONS, ESPECIALLY ON COMMODITY ISSUES, (C) PLEDGED THAT US WILL CONSULT FULLY AND IN ADVANCE OF MAJOR UPCOMING DISCUSSIONS, (D) INVITED OTHERS TO DO LIKEWISE, AND (E) WENT ON TO STRESS THE IMPORTANCE OF IMPROVING CONSULTATION IN HLGS.

3. IN DISCUSSION THAT FOLLOWED THERE WAS WIDESPREAD AGREEMENT ON NEED FOR IMPROVED COORDINATION AND THAT EFFORTS SHOULD BE MADE TO STRENGTHEN THIS PROCESS IN HLGS. EC COMMISSION, HOWEVER, REFRAINED FROM CALLING FOR STRENGTHENING OF HLGS, NOTING ONLY THAT THEIR ANALYTICAL WORK HAD BEEN USEFUL IN THE PAST. CANADA, NETHERLANDS, NORWAY AND FINLAND STATED THAT FULLER COORDINATION WOULD ONLY BE POSSIBLE IF FORWARD LOOKING POSITIONS WERE ADOPTED. THERE WAS GENERAL AGREEMENT THAT CONSULTATION SHOULD BE UNDERTAKEN BEFORE POSITIONS ARE LIMITED OFFICIAL USE

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SOLIDIFIED IN ORDER TO BE EFFECTIVE.

4. CHAIRMAN OF HLG ON COMMODITIES (PRESTON) FELT FUTURE ROLE OF HIS GROUP WITH RESPECT TO CIEC RAW MATERIALS COMMISSION WOULD BE PERIPHERAL SINCE IT HAD ALREADY COMPLETED STUDIES IN ALL MAJOR AREAS EXCEPT ONE (INVESTMENT) WHICH WOULD BE OF USE TO G-8. CONSIDERATION OF INVESTMENT ISSUES, AND ESPECIALLY IRB PROPOSAL, WOULD, HOWEVER, BE IMPERATIVE. HE FELT THAT BECAUSE LDCS NOW EXPECT BUFFER STOCK FINANCING FOR A NUMBER OF COMMODITIES WHEREAS THIS COULD BE JUSTIFIED FOR ONLY A FEW, THERE COULD BE MOUNTING PRESSURE FROM LDCS FOR ESTABLISHMENT OF COMMON FUND IF INDUSTRIALIZED COUNTRIES MERELY ADDRESS ISSUE OF APPROPRIATENESS OF BUFFER STOCKS. PRESTON THEREFORE URGED CONSIDERATION OF IMAGINATIVE MEASURES TO DEAL WITH PROBLEMS OF SPECIFIC COMMODITIES. HE FELT ALSO HIS GROUP SHOULD EXAMINE COMMON FUND PRO-
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POSAL FROM TECHNICAL POINT OF VIEW TO SEE WHETHER SUG-
GESTIONS COULD BE MADE TO MODIFY IT. THERE WAS GENERAL
AGREEMENT WITH THESE PROPOSALS FOR FURTHER WORK BY THE
COMMODITIES GROUP. NORTH/SOUTH GROUP CHAIRMAN (ROBERT)
STRESSED, AS HE HAD IN PREVIOUS DAY'S
SOUTH GROUP MEETING, THAT FULLER DISCUSSION OF MEMBERS'
SUBSTANTIVE POSITIONS FOR UPCOMING DEVELOPMENT COMMIS-
SION AND OTHER MEETINGS SHOULD BE PURSUED IN NORTH/
SOUTH GROUP. HE ALSO SAW A ROLE FOR GROUP IN EVOLVING
A LONGER-TERM STRATEGY TOWARD LDCS.

5. IT WAS AGREED THAT XCSS COULD TAKE UP ONE OR TWO
MAJOR ISSUES ITSELF AT ITS NEXT MEETING, POSSIBLY COM-
MODITIES AND DEBT. JOLLES WILL CONSULT WITH SECGEN AND
MEMBERS TO PUT TOGETHER AGENDA FOR THIS MEETING.

6. CANADA (DUPUY) GAVE PRESENTATION IN CAPACITY AS
CIEC CO-CHAIRMAN ON DIFFICULTIES FACING G-8 AS CIEC
MOVES INTO ITS SECOND PHASE. HE NOTED G-L9 AMBITIONS
WERE PERHAPS GREATER THAN G-8'S AND WARNED LDCS MIGHT
BE TEMPTED TO POLITICIZE CIEC SINCE SOME OF THEM FEEL
THIS WAS DONE SUCCESSFULLY IN NAIROBI. HE ALSO NOTED
RISK G-L9 MAY NOT WISH TO BE AS SELECTIVE AS G-8 IN
PICKING ISSUES FOR ACTION DURING PHASE TWO. DUPUY OUT
LINED CANADIAN CONCEPT OF TYPES OF ACTIONS WHICH MIGHT
BE INCLUDED IN BALANCED PACKAGE (COOPERATION PROGRAM)
OF CIEC RESULTS, I.E. (A) INSTITUTIONAL DECISIONS TO
CONTINUE DIALOGUE (ESPECIALLY ON ENERGY), (B) ENERGIZ
ING ACTIONS (C) AGREED SOLUTIONS OR PROCEDURAL METHODS-
AND (D) MERE NOTING OF POSITIONS. DUPUY CLOSED BY
STRESSING DIFFICULTY OF TASKS FACING G-8 AND CALLING
FOR CLOSER COORDINATION. COMMENTS ON HIS REMARKS WERE
LIMITED.

7. IN HIS REMARKS ON LONGER TERM STRATEGY, UNDER SEC-
RETARY ROGERS (A) STRESSED NECESSITY FOR INDUSTRIALIZED-
COUNTRIES TO DEVELOP THEIR OWN STRATEGY OF ECONOMIC CO-
OPERATION WITH LDCS, (B) EMPHASIZED THAT A DEFENSIVE
DC POSITION WAS SIMPLY NOT JUSTIFIED BY RECORD OF CO--
OPERATION WITH LDCS OR THE CONSTRUCTIVE SPIRIT DCS HAVE
ADOPTED IN THE ONGOING DIALOGUE, AND (C) CALLED FOR-
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CREATION OF A RESTRICTED EXPERTS' GROUP OF POLICY
PLANNERS TO WORK WITH SECRETARIAT IN DRAWING UP INITIAL-
PROPOSALS FOR LONG-TERM STRATEGY FOR XCSS CONSIDERATION

8. IN DISCUSSION ON THIS SUBJECT THERE WAS WIDESPREAD
AGREEMENT WITH POSITION OUTLINED BY UNDER SECRETARY
ROGERS. EC (HIJZEN) SPECIFICALLY MENTIONED THAT

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THIS SHOULD BE THE XCSS' PRIMARY TASK IN AREA OF NORTH/
SOUTH RELATIONS. US PROPOSAL FOR SETTING UP EXPERTS'
GROUP WAS SUPPORTED BY JAPAN AND SECGEN. VAN LENNEP
NOTED THAT PRECEDENT EXISTED IN OECD FOR SECGEN TO CALL
TOGETHER GROUP OF EXPERTS ON HIS OWN AUTHORITY TO CON-
TRIBUTE TO DELIBERATIONS ON PARTICULAR ISSUES AND THAT
US PROPOSAL FOR EXPERTS' GROUP SHOULD BE SEEN ALONG
THESE LINES. HE SAID DECISION TO CALL TOGETHER EXPERTS-
WOULD BE DISTINCT FROM ANY RECOMMENDATION HE WOULD MAKE
IN FUTURE ON ADAPTATION OF OECD TO BETTER DEAL WITH
NORTH/SOUTH ISSUES. UNDER SECRETARY ROGERS
AGREED, BUT DESPITE THESE ARGUMENTS DECISION ON CREATIO
OF GROUP WAS PUT OFF DUE TO RESISTANCE FROM A NUMBER OF
DELEGATIONS. FRG (ROBERT) FIRMLY OPPOSED MAKING DECI-
SION AT THIS TIME ON BASIS THAT NEW GROUP WOULD PRE-
JUDICE DECISIONS ON OECD INSTITUTIONAL ADAPTATION TO
DEAL WITH DEVELOPMENT COOPERATION ISSUES. IT IS OBVIOUS
THAT FRG IS RELUCTANT TO BEGIN STRATEGY EXERCISE IN OECD
(AT THIS TIME). FRANCE (DE NANTEUIL) FELT NEW GROUP

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COULD INTERFERE WITH ONGOING INTERGOVERNMENTAL CONSUL-
TATIONS ON NORTH/SOUTH ISSUES. HE ARGUED PROPOSAL IN-
VOLVED INSTITUTIONAL QUESTION WHICH SHOULD BE DISCUSSED
BY OECD COUNCIL. DUTCH, AUSTRIANS AND ITALIANS WERE
RELUCTANT TO SET UP WHAT THEY PREFERRED TO CHARACTERIZE
AS YET ANOTHER BODY TO DEAL WITH DEVELOPMENT ISSUES
IN OECD. SPAIN, FINLAND AND AUSTRIA ALSO DID NOT LIKE
IDEA OF RESTRICTED GROUP. JOLLES, SECGEN AND OTHERS
WILL PURSUE ISSUE FURTHER AND SECGEN MAY ASK COUNCIL-
TO TAKE IT UP AGAIN. ONCE AGAIN, THE PROCEDURAL AND
THE INSTITUTIONAL BLOTTED OUT THE LONG-RANGE AND THE -
SUBSTANTIVE, FOR THE MOMENT. BUT VAN LENNEP INTENDS
TO PURSUE THIS AND WE WILL SEE MOVEMENT BY SEPTEMBER-
NEVERTHELESS. -

9. NOTE: THOUGH NOT ANNOUNCED AT MEETING, UNDER
SECRETARY ROGERS INTENDS TO HAVE US PAPER PREPARED
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ON LONGER-TERM STRATEGY ISSUES FOR NEXT XCSS MEETING.
IN ADDITION, IN VIEW OF POSITIVE TONE ON IMPROVED CON-
SULTATION AMONG OECD COUNTRIES AND NEGATIVE ATTITUDE
ON SETTING UP NEW GROUPS, US DEL DID NOT PRESS IDEA OF
XCSS ALTERNATES GROUP.
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